

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
P. W. Sauer		Printed Name		License Number

TYRONE TOWNSHIP
Kent County, Michigan

Comprehensive Annual Financial Report

For the year ended March 31, 2007

TYRONE TOWNSHIP
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For the year ended March 31, 2007

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

September 7, 2007

The Township Board
Tyrone Township
Kent County, Michigan

We have audited the accompanying financial statements of the governmental activities, the major funds and the aggregate remaining fund information of Tyrone Township (the "Township") as of and for the year ended March 31, 2007, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the elected officials and management of the Township. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major funds and the aggregate remaining fund information of Tyrone Township as of March 31, 2007, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Tyrone Township. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2007

As management of the Tyrone Township ("the Township"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2007. We encourage readers to consider the information presented here in conjunction with the Township's financial statements, which immediately follow this section.

Financial Highlights

- The Township's net assets decreased by \$191,587 (or 15 percent).
- Total expenses of the Township's programs were \$739,528.
- Total revenues, including all program and general revenues, were \$547,941.
- At the close of the current year, the Township's governmental funds reported combined ending fund balances of \$473,872, a decrease of \$178,665 from the prior year.
- At the end of the current year, the unreserved/undesignated fund balance for the General Fund was \$346,684, or 58 percent of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g. uncollected property taxes and earned but uncollected sewer usage fees and special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, roads and parks. The Township has no business-type activities.

The government-wide financial statements can be found on pages 10-11 of this report.

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2007

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains two individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund and Fire Fund, each of which are considered to be major funds. The basic governmental fund financial statements can be found on pages 12-18 of this report.

The Township adopts an annual appropriated budget for its General Fund and Fire Special Revenue Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

Fiduciary funds provide information about the financial relationships in which the Township acts solely as a trustee or agent for the benefit of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Township's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

Notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements can be found on pages 20-30 of this report.

Government –Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Tyrone Township, assets exceeded liabilities by \$1,084,392 at the close of the fiscal year.

A substantial portion of the Township's net assets, \$610,520 (56 percent), reflects its investment in capital assets (e.g. land, buildings, equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2007

The Statement of Net Assets provides financial information on the Township as a whole as of March 31, 2007.

	Governmental Activities	
	2007	2006
Assets		
Current assets	\$ 500,144	\$ 652,537
Capital assets	610,520	623,442
Total Assets	1,110,664	1,275,979
Current Liabilities	26,272	—
Net Assets		
Invested in capital assets	610,520	623,442
Unrestricted	473,872	652,537
Total Net Assets	\$ 1,084,392	\$ 1,275,979

The Statement of Activities presents changes in net assets from operating results for the year ended March 31, 2007:

	Governmental Activities	
	2007	2006
Program Revenues		
Charges for services	\$ 38,619	\$ 36,430
General Revenues		
Property taxes	267,581	255,112
State/intergovernmental revenue	212,314	214,181
Interest earnings	24,996	21,128
Other	4,431	7,621
Gain (loss) on sale of assets	—	(2,958)
Total Revenues	547,941	531,514
Expenses		
General government	224,826	189,595
Public safety	191,641	143,888
Public works	241,968	29,433
Community and economic development	13,612	4,111
Recreational and cultural	5,978	5,414
Other township	61,503	27,882
Total Expenses	739,528	400,323
Increase (decrease) in net assets	(191,587)	131,191
Net Assets - Beginning of Year	1,275,979	1,144,788
Net Assets - End of Year	\$ 1,084,392	\$ 1,275,979

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2007

Governmental activities decreased the Township's net assets by \$191,587. Key elements of this decrease are as follows:

- State shared revenue decreased by \$1,867.
- Governmental activities expenses for 2006-07 increased by \$339,205 (85 percent) compared to 2005-06 amounts due to the budgeted increases in assessing, law enforcement, road improvements and other Township expenses.

Financial Analysis of the Township's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$473,872, a decrease of \$178,665 in comparison with the prior year. 100 percent of this total amount constitutes unreserved fund balance, which is available for spending at the Township's discretion.

Tyrone Township's funds are described as follows:

Major Funds

The *General Fund* is our primary operating fund. The General Fund had total revenues of \$413,700 and total expenditures of \$595,966. It ended the year with a fund balance of \$346,684, down from \$528,950 at March 31, 2006.

The *Fire Fund* levies property taxes for fire protection services. The Fund had total revenues of \$134,241 and total expenditures of \$130,640. It ended the year with a fund balance of \$127,188, up from \$123,587 at March 31, 2006.

General Fund Budgetary Highlights

No changes were made to the Township's original adopted budget during the fiscal year.

Capital Asset and Debt Administration

Capital Assets

At March 31, 2007, the Township had a \$918,131 investment in a broad range of capital assets, including land, land improvements, buildings and improvements, and furniture and equipment. (More detailed information about capital assets can be found in the notes to basic financial statements.)

TYRONE TOWNSHIP
Management's Discussion and Analysis
March 31, 2007

Capital asset purchases totaled \$14,628 for the fiscal year with accumulated depreciation increasing \$27,550. The net book value of capital assets at March 31, 2007 is detailed as follows:

	Governmental Activities
Land	\$ 109,483
Land improvements	5,875
Buildings and improvements	353,439
Furniture and equipment	77,638
Vehicles	64,085
	<hr/>
Net Capital Assets	<u><u>\$ 610,520</u></u>

Long-Term Debt

The Township had no long-term debt outstanding at March 31, 2007.

Factors Bearing on the Township's Future

At the time these financial statements were prepared and audited, the Township was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The Township's initial General and Fire Special Revenue Fund budgets for 2007-08 anticipate a reduction in year end fund balances of \$113,705. This estimate reflects property tax growth within the Township, continuing reductions in state shared revenue and increased township hall improvement expenditures along with a continuing effort to control/reduce costs within the Township, while continuing to maintain a high quality of taxpayer service.

Contacting the Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, and investors and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Shelley Worley, Township Clerk, Tyrone Township, 28 East Muskegon, PO Box 275, Kent City, MI, 49330-0275.

BASIC FINANCIAL STATEMENTS

TYRONE TOWNSHIP
Statement of Net Assets
March 31, 2007

	<u>Governmental Activities</u>
Assets	
Current Assets	
Cash equivalents, deposits and investments (Note B)	\$ 437,521
Taxes receivable (Note C)	22,787
Due from other funds (Note D)	5,581
Due from other governmental units (Note F)	34,255
Total Current Assets	<u>500,144</u>
Noncurrent Assets	
Capital assets (Note E)	918,131
Less accumulated depreciation	(307,611)
Total Noncurrent Assets	<u>610,520</u>
Total Assets	<u>1,110,664</u>
Liabilities	
Current Liabilities	
Accounts payable	7,663
Due to other funds (Note D)	18,609
Total Liabilities	<u>26,272</u>
Net Assets	
Invested in capital assets, net of related debt	610,520
Unrestricted	473,872
Total Net Assets	<u><u>\$ 1,084,392</u></u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Statement of Activities
For the year ended March 31, 2007

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes In Net Assets
		Charges for Services	Operating Grants	
Governmental activities:				
General government	\$ 224,826	\$ 10,596	\$ -	\$ (214,230)
Public safety	191,641	28,023	-	(163,618)
Public works	241,968	-	-	(241,968)
Community and economic development	13,612	-	-	(13,612)
Cultural and recreational	5,978	-	-	(5,978)
Other township	61,503	-	-	(61,503)
Total Governmental Activities	\$ 739,528	\$ 38,619	\$ -	(700,909)
General revenues:				
Property taxes levied for:				
General operations				137,555
Fire				130,026
State revenue sharing				212,314
Interest earnings				24,996
Other				4,431
Total General Revenues				509,322
Change in Net Assets				(191,587)
Net Assets - Beginning of Year				1,275,979
Net Assets - End of Year				\$ 1,084,392

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2007

	General	Special Revenue Fire	Total
Assets			
Cash equivalents, deposits and investments (Note B)	\$ 310,543	\$ 126,978	\$ 437,521
Taxes receivable (Note C)	11,510	11,277	22,787
Due from other funds (Note D)	8,474	-	8,474
Due from other governmental units (Note F)	34,255	-	34,255
Total Assets	<u>\$ 364,782</u>	<u>\$ 138,255</u>	<u>\$ 503,037</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 7,663	\$ 7,663
Due to other funds (Note D)	18,098	3,404	21,502
Total Liabilities	<u>18,098</u>	<u>11,067</u>	<u>29,165</u>
Fund Balances			
Unreserved:			
Undesignated, reported in:			
General fund	346,684	-	346,684
Special revenue fund	-	127,188	127,188
Total Fund Balances	<u>346,684</u>	<u>127,188</u>	<u>473,872</u>
Total Liabilities and Fund Balances	<u>\$ 364,782</u>	<u>\$ 138,255</u>	<u>\$ 503,037</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
March 31, 2007

Total governmental fund balances	\$ 473,872
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$918,131 and accumulated depreciation is \$307,611.

610,520

Total net assets - governmental activities

<u>\$ 1,084,392</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended March 31, 2007

	General	Special Revenue Fire	Total
Revenues			
Taxes	\$ 137,555	\$ 130,026	\$ 267,581
Licenses and permits	27,100	-	27,100
State sources	212,314	-	212,314
Charges for services	10,596	-	10,596
Fines and forfeitures	63	860	923
Interest and rentals	21,641	3,355	24,996
Other revenue	4,431	-	4,431
Total Revenues	413,700	134,241	547,941
Expenditures			
Current:			
General government	210,867	-	210,867
Public safety	62,038	130,640	192,678
Public works	241,968	-	241,968
Community and economic development	13,612	-	13,612
Recreational and cultural	5,978	-	5,978
Other township	61,503	-	61,503
Total Expenditures	595,966	130,640	726,606
Net Change in Fund Balances	(182,266)	3,601	(178,665)
Fund Balances, April 1	528,950	123,587	652,537
Fund Balances, March 31	\$ 346,684	\$ 127,188	\$ 473,872

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended March 31, 2007

Net change in fund balances - total governmental funds \$ (178,665)

Amounts reported for governmental activities in the Statement of Activities
are different because:

Governmental funds report capital outlays as expenditures. However,
in the Statement of Activities, the cost of these assets is capitalized
and the cost is allocated over their estimated useful lives as deprecia-
tion expense. This is the amount by which depreciation exceeded
capital outlays in the current period:

	Capital outlays	14,628	
	Depreciation expense	(27,550)	(12,922)
Total changes in net assets - governmental activities		\$	(191,587)

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 143,150	\$ 143,150	\$ 137,555	\$ (5,595)
Licenses and permits	25,080	25,080	27,100	2,020
State sources	203,500	203,500	212,314	8,814
Charges for services	12,900	12,900	10,596	(2,304)
Fines and forfeitures	20	20	63	43
Interest and rentals	17,500	17,500	21,641	4,141
Other revenue	4,100	4,100	4,431	331
Total Revenues	406,250	406,250	413,700	7,450
Expenditures				
Current:				
General government:				
Township board	3,240	3,240	3,120	120
Supervisor	20,860	20,860	20,692	168
Clerk	22,915	22,915	21,893	1,022
Board of review	1,000	1,000	657	343
General administration	48,600	48,600	37,182	11,418
Treasurer	24,150	24,150	23,222	928
Assessor	52,000	52,000	47,662	4,338
Elections	5,900	5,900	3,654	2,246
Building and grounds	24,250	24,250	30,273	(6,023)
Legal and audit	11,500	11,500	9,307	2,193
Cemetery	15,900	15,900	13,205	2,695
Total general government	230,315	230,315	210,867	19,448
Public safety:				
Law enforcement	24,000	24,000	20,376	3,624
Inspections	35,807	35,807	41,662	(5,855)
Total public safety	59,807	59,807	62,038	(2,231)
Public works:				
Highways, streets and bridges	230,000	230,000	239,624	(9,624)
Drains	-	-	1,143	(1,143)
Street lighting	1,200	1,200	1,201	(1)
Total public works	231,200	231,200	241,968	(10,768)
Community and economic development:				
Planning	22,593	22,593	13,612	8,981
Recreational and cultural:				
Library	5,500	5,500	5,978	(478)

(Continued)

TYRONE TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2007

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Expenditures (Continued)				
Other township	\$ 49,700	\$ 49,700	\$ 61,503	\$ (11,803)
Total Expenditures	599,115	599,115	595,966	3,149
Net Change in Fund Balances	(192,865)	(192,865)	(182,266)	10,599
Fund Balances, April 1	528,950	528,950	528,950	-
Fund Balances, March 31	<u>\$ 336,085</u>	<u>\$ 336,085</u>	<u>\$ 346,684</u>	<u>\$ 10,599</u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended March 31, 2007

	Budget	Actual	Variance- Positive (Negative)
Revenues			
Taxes	\$ 117,400	\$ 130,026	\$ 12,626
Fines and forfeitures	500	860	360
Interest and rentals	2,000	3,355	1,355
Total Revenues	<u>119,900</u>	<u>134,241</u>	<u>14,341</u>
Expenditures			
Current:			
Public safety	<u>117,450</u>	<u>130,640</u>	<u>(13,190)</u>
Net Change in Fund Balances	<u>2,450</u>	<u>3,601</u>	<u>1,151</u>
Fund Balances, April 1	<u>123,587</u>	<u>123,587</u>	<u>-</u>
Fund Balances, March 31	<u><u>\$ 126,037</u></u>	<u><u>\$ 127,188</u></u>	<u><u>\$ 1,151</u></u>

See accompanying notes to basic financial statements.

TYRONE TOWNSHIP
Fiduciary Funds
Statement of Fiduciary Net Assets
March 31, 2007

	Agency Funds
Assets	
Cash equivalents, deposits and investments (Note B)	\$ 41,267
Due from other funds (Note D)	<u>18,609</u>
Total Assets	<u><u>\$ 59,876</u></u>
Liabilities	
Accounts payable	\$ 802
Due to other funds (Note D)	5,581
Due to other governmental units	48,622
Escrow deposits	<u>4,871</u>
Total Liabilities	<u><u>\$ 59,876</u></u>

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Note A – Summary of Significant Accounting Policies

Tyrone Township was organized as a general law township under applicable laws of the State of Michigan and is governed by a Board of Trustees which consists of a Supervisor, Clerk, Treasurer and two Trustees, each of whom is elected for a four year term of office. The Township provides the following services to its residents as provided by statute: public safety (fire and inspections), highways and streets, cultural, planning and zoning, general administrative and other services.

The financial statements of Tyrone Township (the “Township”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to Townships. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Township’s accounting policies are described below.

1. The Reporting Entity

The accompanying financial statements present the Township of Tyrone. The Township has no component units, i.e., entities for which the Township is considered to be financially accountable.

2. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements - The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the Township as a whole. The reported information includes all of the nonfiduciary activities of the Township. The Township does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the Township. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The Township does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The Township’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, state revenue sharing, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

The Township reports the following major governmental funds:

The *General Fund* is the Township's primary operating fund. It accounts for all financial resources of the general government except those that are required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property tax revenues levied to maintain the operations and capital improvements of the Township Fire Department.

Additionally, the Township reports the following non-major fund types:

The *Cash Bond Agency Fund* accounts for the collection of bonds and deposits and the payment to the governmental units or other persons entitled to receive these funds.

The *Tax Account Agency Fund* accounts for the collection of current and delinquent property taxes and the payment to the governmental units or other persons entitled to receive these funds.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the government-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Taxes, intergovernmental revenues and interest associated with the current period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes levied for the subsequent fiscal year are presented as deferred revenue at fiscal year end.

Expenditures are recorded when the liability is incurred, as under accrual accounting, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt and claims and judgments are recorded only when the payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

Budgets presented in the financial statements were prepared on the same basis as the accounting basis used to reflect actual results. The General and Special Revenue Funds are subject to legal budgetary accounting controls and are budgeted annually. The Township utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- The budgets are generated with input from the Supervisor, Clerk, Treasurer and the Township Trustees.
- The completed budgets are then presented to Township electors at a public budget hearing in March, at which time taxpayer comments and recommendations are heard. These operating budgets include proposed expenditures and the means of financing them for the General and Special Revenue Funds.
- Prior to April 1, the budgets are legally enacted on a departmental (activity) basis through passage of an appropriations resolution.
- The budget may only be amended by action of the Township Board.
- Formal budgetary integration is employed as a management control device during the year for all budgetary funds.
- Budget appropriations lapse at fiscal year-end.
- The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level for each individual fund.

5. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

6. Capital Assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$2,500 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	15-30 years
Buildings and improvements	25-40 years
Furniture and equipment	5-15 years
Vehicles	5-20 years

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

8. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition or construction of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws or regulations from other governments.

9. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as transfers in or out. Transfers between governmental funds are eliminated in the Statement of Activities. Transfers in the fund financial statements are reported as other financing sources/uses.

11. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Note B – Cash, Deposits and Investments

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school Township in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a Township in Michigan.

Balances at March 31, 2007 related to cash equivalents, deposits and investments are detailed in the Basic Financial Statements as follows:

Cash equivalents, deposits and investments per the Statement of Net Assets:	
Governmental Activities	\$ 437,521
Cash equivalents, deposits and investments of Fiduciary Funds:	
Agency Funds	<u>41,267</u>
	<u>\$ 478,788</u>

Cash Equivalents and Deposits

Cash equivalents consist of bank public funds checking, savings and liquid asset accounts. Deposits consist of certificates of deposit.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Depositories actively used by the Township Treasurer during the year are detailed as follows:

1. Choice One Bank
2. Mercantile Bank

March 31, 2007 balances are detailed as follows:

	<u>Primary Government</u>
Cash equivalents	\$ 215,366
Deposits	<u>125,000</u>
	<u>\$ 340,366</u>

Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the Township's deposits may not be returned to the Township. Protection of Township cash equivalents and deposits is provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the Township's cash equivalents and deposits was \$340,366 and the bank balance was \$351,275. Of the bank balance \$176,116 was covered by federal depository insurance and \$175,159 was uninsured and uncollateralized.

Investments

The Township had balances totaling \$138,422 in the Kent County Surplus Funds Investment Pool at March 31, 2007.

Custodial Credit Risk and Interest Rate Risk

It is the policy of Tyrone Township to invest public funds in a manner that will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to state and local statutes governing the investment of public funds.

The Township's investment policy states that investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of discretion to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Funds of Tyrone Township will be invested in accordance with state and local statutes, and in accordance with the following objectives in order of priority:

Safety: Safety of principal is the foremost objective of the investment program. Investments of Tyrone Township shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Liquidity: Tyrone Township's investment portfolio will remain sufficiently liquid to enable the Township to meet all operating requirements which might be reasonably anticipated.

Return on Investments: The investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and cash flow characteristics of the portfolio.

Safekeeping and Custody: All security transactions, including collateral for repurchase agreements and financial institution deposits, entered into by Tyrone Township shall be conducted on a cash basis (delivery-versus-payment (DVP) basis). Securities will be held by a third party custodian designated by the Township Treasurer and evidenced by safekeeping receipts and determined by the Treasurer.

Foreign Currency Risk

The Township is not authorized to invest in investments which have this type of risk.

Note C – General Property Taxes

Property taxes for the Township and County become due and payable on December 1 of each year. School district taxes become due and payable July 1 and December 1 of each year, under a split-levy system, pursuant to the Michigan School Code of 1976. All taxes are returned delinquent March 1 of the following year.

Property tax revenues are recognized by the Township in the General and Fire Department Special Revenue Funds in the fiscal year levied, to the extent they are measurable and available. The 2006 property tax roll levied December 1, 2006, represents revenue for the fiscal year ended March 31, 2007.

The Township bills and collects its own taxes in addition to taxes for the State of Michigan, Kent County, Kent District Library, Grand Rapids Community College, Kent and Newaygo Intermediate School Districts, Grant Public Schools, Kent City Community Schools and Sparta Area Schools. The collection and remittance of taxes are accounted for in the Tax Account Agency Fund.

The Township is permitted by statute (Act 359, Public Acts of 1947, as amended by Public Acts of 1976) to levy up to 1.1 mills of general property taxes on the taxable valuation in the Township. Due to the effect of the Headlee Amendment, actual tax levies were reduced to .9896 mills for 2006-07 general operations.

In addition, Township electors have authorized the Township to levy an additional 1 mill for fire department operations and .25 mills for fire department equipment needs. Due to the effect of the Headlee Amendment, actual tax levies were reduced to .9971 and .2492 mills, respectively, for 2006-07.

The tax collection record of Township taxes for the past four years is shown in the following summary:

	2006	2005	2004	2003
Township taxes levied	\$228,505	\$218,244	\$184,104	\$176,021
Taxes collected:				
Current to March 1	207,476	198,677	170,789	159,374
Total to March 31, 2007	207,476	218,180	183,996	174,893
Percentages of collections:				
Current to March 1	90.80%	91.03%	92.77%	90.54%
Total to March 31, 2007	90.80%	99.97%	99.94%	99.36%

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Taxable property in the Township is assessed initially by the assessing official of the Township. These valuations are then equalized by the County and finally by the State of Michigan. Michigan statutes provide that all ad valorem taxes be levied upon Taxable Valuation. In accordance with Act 409, Public Acts of 1965 and Article IX, Section 3 of the Michigan Constitution, State Equalized Valuation represents 50% of true cash value. The valuations of taxable property in the Township for prior years are compared with 2007 valuations in the following summary:

Year	Real	Personal	Total
2007	\$ 97,344,792	\$ 5,535,100	\$ 102,879,892
2006	96,853,954	6,034,600	102,888,554
2005	92,568,117	5,708,800	98,276,917
2004	88,138,771	5,818,327	93,957,098
2003	83,734,936	5,692,800	89,427,736
2002	78,936,459	6,205,800	85,142,259
2001	73,378,039	5,720,000	79,098,039
2000	68,893,161	4,504,700	73,397,861
1999	64,755,769	4,751,200	69,506,969
1998	61,464,718	5,682,500	67,147,218

Note D – Interfund Receivables/Payables

Amounts due from (to) other funds representing interfund receivable and payable balances to correct allocations of property tax collections at March 31, 2007 are detailed as follows:

	Due From	Due To
General Fund:		
Fire Special Revenue Fund	\$ 2,893	\$ —
Tax Account Agency Fund	5,331	18,098
Cash Bond Agency Fund	250	—
	<u>8,474</u>	<u>18,098</u>
Fire Special Revenue Fund:		
General Fund	—	2,893
Tax Account Agency Fund	—	511
	<u>—</u>	<u>3,404</u>
Tax Account Agency Fund:		
General Fund	18,098	5,331
Fire Special Revenue Fund	511	—
	<u>18,609</u>	<u>5,331</u>
Cash Bond Agency Fund:		
General Fund	—	250
	<u>—</u>	<u>250</u>
Total All Funds	<u>\$ 27,083</u>	<u>\$ 27,083</u>

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Note E – Capital Assets

Capital asset activity for the year ended March 31, 2007 was as follows:

	<u>Balances</u> <u>April 1, 2006</u>	<u>Additions</u>	<u>Sales/ Retirements</u>	<u>Balances</u> <u>March 31, 2007</u>
Governmental Activities				
Capital assets not depreciated:				
Land	\$ 109,483	\$ —	\$ —	\$ 109,483
Capital assets being depreciated:				
Land improvements	13,289	—	—	13,289
Buildings and improvements	519,400	—	—	519,400
Furniture and equipment	128,341	13,605	—	141,946
Vehicles	132,990	1,023	—	134,013
	<u>903,503</u>	<u>\$ 14,628</u>	<u>\$ —</u>	<u>918,131</u>
Totals at historical cost				
Less accumulated depreciation for:				
Land improvements	\$ 7,000	\$ 414	\$ —	\$ 7,414
Buildings and improvements	153,625	12,336	—	165,961
Furniture and equipment	56,079	8,229	—	64,308
Vehicles	63,357	6,571	—	69,928
Total accumulated depreciation	<u>280,061</u>	<u>\$ 27,550</u>	<u>\$ —</u>	<u>307,611</u>
Net Capital Assets – Governmental Activities	<u>\$ 623,442</u>			<u>\$ 610,520</u>

Depreciation expense was charged to Township activities as follows:

General government	\$ 13,959
Public safety	<u>13,591</u>
	<u>\$ 27,550</u>

Note F – Due From Other Governmental Units

The receivable of \$34,255 in the General Fund represents 2006-07 State of Michigan sales tax collections paid to the Township subsequent to March 31, 2007.

TYRONE TOWNSHIP
Notes to Basic Financial Statements
March 31, 2007

Note G – Stewardship, Compliance and Accountability

The following Township fund had actual expenditures exceed final budgeted expenditures for the year ended March 31, 2007, as follows:

	Budget	Actual	Negative Variance
Fire Special Revenue Fund	\$ 117,450	\$ 130,640	\$ 13,190

Note H – Pension Plan/Defined Contribution

On January 1, 2006, the Township established a defined contribution pension plan for all elected officials and certain employees. The Township will contribute 10 percent of annual compensation on a before-tax basis. The employees will contribute 5 percent of annual compensation on an after-tax basis. In addition, the Township will contribute 3 percent of current compensation for each year of an employee's completed years of service to a maximum of ten years. (Past service must be funded over a future period of three years.) Current fiscal year contributions to the Plan totaled \$14,608.

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

TYRONE TOWNSHIP
General Fund
Comparative Balance Sheet
March 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 310,543	\$ 479,259
Taxes receivable	11,510	10,899
Due from other funds	8,474	3,915
Due from other governmental units	<u>34,255</u>	<u>34,877</u>
Total Assets	<u><u>\$ 364,782</u></u>	<u><u>\$ 528,950</u></u>
 Liabilities and Fund Balances		
Liabilities		
Due to other funds	<u>\$ 18,098</u>	<u>\$ -</u>
Fund Balances		
Unreserved:		
Undesignated	<u>346,684</u>	<u>528,950</u>
Total Liabilities and Fund Balances	<u><u>\$ 364,782</u></u>	<u><u>\$ 528,950</u></u>

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Revenues
For the years ended March 31, 2007 and 2006

	2007	2006
Taxes:		
Current property taxes	\$ 99,921	\$ 95,707
Industrial facilities taxes	-	2,258
Delinquent property taxes	406	288
DNR/other property taxes	1,384	-
Trailer fees	1,053	915
Penalties and interest on taxes	105	113
Property tax administration fees	34,686	32,819
	<u>137,555</u>	<u>132,100</u>
Licenses and permits:		
Building, electrical and plumbing permits	26,990	23,396
Dog licenses	110	85
	<u>27,100</u>	<u>23,481</u>
State sources:		
Sales taxes	208,644	210,909
PA 48/ Metro Act	3,670	3,272
	<u>212,314</u>	<u>214,181</u>
Charges for services:		
Zoning and appeals fees	750	2,350
Private road application fees	-	100
Summer tax collection fees	7,164	7,214
Parcel split fees	350	600
Sale of cemetery lots	2,332	2,030
	<u>10,596</u>	<u>12,294</u>
Fines and forfeitures:		
Court ordinance fines	63	5
Interest and rentals:		
Interest on deposits and investments	18,491	15,184
Rentals	3,150	4,425
	<u>21,641</u>	<u>19,609</u>
Other revenue:		
Other revenue	1,950	680
Sale of assets	-	19,117
Library reimbursements	2,192	2,923
Refunds of expenditures	-	1,244
Miscellaneous	289	469
	<u>4,431</u>	<u>24,433</u>
Total Revenues	<u><u>\$ 413,700</u></u>	<u><u>\$ 426,103</u></u>

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2007 and 2006

	2007	2006
Current:		
General government:		
Township board:		
Salaries	\$ 3,120	\$ 2,990
Supervisor:		
Salary	20,000	20,000
Office supplies	125	36
Travel and expense	313	396
Education	194	-
Dues and memberships	60	60
Miscellaneous	-	76
	<u>20,692</u>	<u>20,568</u>
Elections:		
Salaries	1,577	578
Office supplies	32	92
Travel and expenses	161	37
Miscellaneous	378	384
New equipment	1,506	75
	<u>3,654</u>	<u>1,166</u>
Assessor:		
Salaries:		
Assessor	21,816	21,482
Appraisor	25,060	-
Office supplies	786	4,043
Travel and expense	-	10
	<u>47,662</u>	<u>25,535</u>
Legal and audit:		
Legal fees	3,012	2,135
Audit fees	6,295	9,250
	<u>9,307</u>	<u>11,385</u>
Clerk:		
Salary	20,246	20,015
Office supplies	1,513	1,617
Travel and expenses	-	56
Dues and memberships	119	111
Miscellaneous	15	15
	<u>21,893</u>	<u>21,814</u>
Board of review:		
Salaries	598	585
Miscellaneous	59	196
	<u>657</u>	<u>781</u>
General administration:		
Clerical salaries	20,274	20,532
Office supplies	4,874	10,651
Computer technology	6,385	-
Telephone	1,862	1,811
Legal notices and publications	742	283
Dues and memberships	1,075	1,546
Miscellaneous	1,970	1,933
	<u>37,182</u>	<u>36,756</u>

(Continued)

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2007 and 2006

	2007	2006
Treasurer:		
Salaries:		
Treasurer	\$ 20,000	\$ 20,000
Deputy	583	276
Office supplies	2,313	1,997
Travel and expenses	24	36
Dues and memberships	252	135
Miscellaneous	50	50
	<u>23,222</u>	<u>22,494</u>
Buildings and grounds:		
Custodian salary	5,100	4,500
Travel and expenses	38	44
Utilities	11,468	8,853
Repair and maintenance	3,936	6,554
Snow plowing	160	673
Miscellaneous	154	256
Land	-	984
New equipment	9,417	3,898
	<u>30,273</u>	<u>25,762</u>
Cemetery:		
Sexton salary	6,683	5,488
Gasoline and oil	561	510
Utilities	100	75
Repair and maintenance	2,748	4,253
Miscellaneous	143	512
New equipment	2,970	3,289
	<u>13,205</u>	<u>14,127</u>
Total general government	<u>210,867</u>	<u>183,378</u>
Public safety:		
Law enforcement:		
Kent County sheriff patrol	20,376	8,332
Inspections:		
Salaries:		
Building inspector	26,780	25,999
Electrical inspector	4,890	5,880
Plumbing inspector	4,200	4,260
Mechanical inspector	540	750
Office supplies	1,101	849
Professional services	1,957	-
Travel and expense	2,094	2,083
Dues and memberships	100	200
	<u>41,662</u>	<u>40,021</u>
Total public safety	<u>62,038</u>	<u>48,353</u>
Public works:		
Highways, streets and bridges:		
Road construction	232,083	21,285
Dust layer	7,541	7,043
	<u>239,624</u>	<u>28,328</u>

(Continued)

TYRONE TOWNSHIP
General Fund
Comparative Schedule of Expenditures
For the years ended March 31, 2007 and 2006

	2007	2006
Drains:		
Drain maintenance	\$ 1,143	\$ -
Street lighting:		
Utilities	1,201	1,105
Total public works	<u>241,968</u>	<u>29,433</u>
Community and economic development:		
Planning and zoning:		
Zoning administrator salary	-	781
Planning commission fees	12,750	-
Board of appeals fees	650	1,430
Contracted services	600	480
Miscellaneous	(388)	1,420
Total community and economic development	<u>13,612</u>	<u>4,111</u>
Recreation and cultural:		
Library:		
Utilities	5,005	4,099
Repair and maintenance	343	1,315
Miscellaneous	630	-
Total recreation and cultural	<u>5,978</u>	<u>5,414</u>
Other township:		
Social Security taxes	12,574	11,808
Pension plan	14,608	2,217
Insurance and bonds	8,076	7,975
Rubbish removal	8,353	5,576
Miscellaneous	111	-
Tax refunds	89	306
Contribution to Tax Account Agency Fund	17,692	-
Total other township	<u>61,503</u>	<u>27,882</u>
Total Expenditures	<u><u>\$ 595,966</u></u>	<u><u>\$ 298,571</u></u>

SPECIAL REVENUE FUND

Fire — to account for property tax revenues and interest earnings used for fire department operations and equipment .

TYRONE TOWNSHIP
Fire Special Revenue Fund
Comparative Balance Sheet
March 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash equivalents, deposits and investments	\$ 126,978	\$ 115,574
Taxes receivable	<u>11,277</u>	<u>10,906</u>
Total Assets	<u><u>\$ 138,255</u></u>	<u><u>\$ 126,480</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 7,663	\$ -
Due to other funds	<u>3,404</u>	<u>2,893</u>
Total Liabilities	<u>11,067</u>	<u>2,893</u>
 Fund Balances		
Unreserved:		
Undesignated	<u>127,188</u>	<u>123,587</u>
Total Liabilities and Fund Balances	<u><u>\$ 138,255</u></u>	<u><u>\$ 126,480</u></u>

TYRONE TOWNSHIP
Fire Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended March 31, 2007 and 2006

	2007	2006
Revenues		
Taxes:		
Current operating property taxes	\$ 102,234	\$ 98,029
Current equipment property taxes	25,552	24,495
Industrial facilities taxes	511	425
DNR/other property taxes	1,704	-
Penalties and interest taxes	25	63
Total taxes	130,026	123,012
Fines and forfeitures:		
Emergency cost fines	860	650
Interest and rentals:		
Interest on deposits and investments	3,355	1,519
Other revenue:		
Insurance reimbursements	-	2,005
Miscellaneous	-	300
Total other revenue	-	2,305
Total Revenues	134,241	127,486
Expenditures		
Current:		
Public safety:		
Fire department:		
Salaries:		
Fire chief, assistants	26,500	7,694
Firefighters	27,594	29,179
Social Security taxes	4,138	2,821
Supplies	8,404	6,085
Gas and oil	3,100	2,190
Rescue supplies	2,462	1,860
Uniforms	1,671	1,169
Kent County EMS	636	187
County fire assessment	7,663	6,331
Telephone	1,169	841
Education	4,005	2,645
Insurance and bonds	6,066	5,930
Utilities	6,801	5,652
Vehicle repair and maintenance	1,548	1,103
Dues and memberships	100	25
Miscellaneous	2,880	1,991
Tax refunds	45	112
New equipment	25,858	14,769
Total Expenditures	130,640	90,584
Net Change in Fund Balances	3,601	36,902
Fund Balances, April 1	123,587	86,685
Fund Balances, March 31	\$ 127,188	\$ 123,587

AGENCY FUNDS

Cash Bond Agency—to account for the collection of bonds and deposits and payment to the contractors or other persons entitled to receive these funds.

Tax Account Agency—to account for the collection of current and delinquent property taxes, dog licenses and trailer fees and payment to the governmental units, funds or other persons entitled to receive these funds.

TYRONE TOWNSHIP
Agency Funds
Combining Balance Sheet
March 31, 2007
With comparative totals for March 31, 2006

			Totals	
	Cash Bond	Tax Account	2007	2006
Assets				
Cash equivalents, deposits and investments	\$ 5,121	\$ 36,146	\$ 41,267	\$ 29,217
Due from other funds		18,609	18,609	500
Total Assets	\$ 5,121	\$ 54,755	\$ 59,876	\$ 29,717
Liabilities and Fund Balances				
Liabilities				
Accounts payable	\$ -	\$ 802	\$ 802	\$ -
Due to other funds	250	5,331	5,581	1,522
Due to other governmental units	-	48,622	48,622	15,475
Escrow deposits	4,871	-	4,871	12,720
Total Liabilities	5,121	54,755	59,876	29,717
Fund Balances	-	-	-	-
Total Liabilities and Fund Balances	\$ 5,121	\$ 54,755	\$ 59,876	\$ 29,717

TYRONE TOWNSHIP
All Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the year ended March 31, 2007

	Balances April 1, 2006	Additions	Deductions	Balances March 31, 2007
Cash Bond Fund				
Assets				
Cash equivalents, deposits and investments	\$ 12,293	\$ 10,693	\$ 17,865	\$ 5,121
Due from other funds	500	-	500	-
Total Assets	\$ 12,793	\$ 10,693	\$ 18,365	\$ 5,121
Liabilities				
Due to other funds	\$ 73	\$ 177	\$ -	\$ 250
Escrow deposits	12,720	10,516	18,365	4,871
	\$ 12,793	\$ 10,693	\$ 18,365	\$ 5,121
Tax Account Fund				
Assets				
Cash equivalents, deposits and investments	\$ 16,924	\$ 3,342,903	\$ 3,323,681	\$ 36,146
Due from other funds	-	18,609	-	18,609
Total Assets	\$ 16,924	\$ 3,361,512	\$ 3,323,681	\$ 54,755
Liabilities				
Accounts payable	\$ -	\$ 10,284	\$ 9,482	\$ 802
Due to other funds	1,449	249,527	245,645	5,331
Due to other governmental units	15,475	3,101,701	3,068,554	48,622
Total Liabilities	\$ 16,924	\$ 3,361,512	\$ 3,323,681	\$ 54,755
<u>Totals - All Agency Funds</u>				
Assets				
Cash equivalents, deposits and investments	\$ 29,217	\$ 3,353,596	\$ 3,341,546	\$ 41,267
Due from other funds	500	18,609	500	18,609
Total Assets	\$ 29,717	\$ 3,372,205	\$ 3,342,046	\$ 59,876
Liabilities				
Accounts payable	\$ -	\$ 10,284	\$ 9,482	\$ 802
Due to other funds	1,522	249,704	245,645	5,581
Due to other governmental units	15,475	3,101,701	3,068,554	48,622
Escrow deposits	12,720	10,516	18,365	4,871
Total Liabilities	\$ 29,717	\$ 3,372,205	\$ 3,342,046	\$ 59,876

OTHER INFORMATION

TYRONE TOWNSHIP
Summary of 2006 Taxes Levied and Collected
For the year ended March 31, 2007

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections*</u>
<u>Ad Valorem Taxes</u>					
Kent County	\$102,888,554	5.31400	\$ 553,368	\$ 42,787	\$ 510,581
Kent District Library	102,888,554	0.88000	90,276	8,252	82,024
State Education Tax		6.00000			
Grant Public Schools	477,259		2,864	31	2,833
Kent City Community Schools	101,925,743		609,800	39,485	570,315
Sparta Area Schools	485,552		2,913	362	2,551
Total State Education Tax			615,577	39,878	575,699
School Districts					
Kent Intermediate School District	102,411,295	4.64530	478,963	31,149	447,814
Newaygo Intermediate School District	477,259	6.07650	2,894	31	2,863
Grand Rapids Community College	102,411,295	1.78650	182,427	11,864	170,563
Grant Public Schools:					
Other	477,259	7.46000	3,560	38	3,522
Operating	29,746	18.00000	543	-	543
Kent City Community Schools:					
Other	101,925,743	9.25000	938,143	73,150	864,993
Operating	19,923,046	17.70840	370,561	38,452	332,109
Sparta Area Schools:					
Other	485,552	7.13520	3,464	431	3,033
Operating	27,189	18.00000	505	-	505
Total School Districts			1,981,060	155,115	1,825,945
Tyrone Township	102,888,554				
Operating		0.98960	101,817	9,307	92,510
Fire protection		0.99710	102,590	9,378	93,212
Fire equipment		0.24920	25,641	2,344	23,297
Tax administration fees			34,657	2,637	32,020
Total Tyrone Township			264,705	23,666	241,039
Total Ad Valorem Taxes			<u>\$3,504,986</u>	<u>\$ 269,698</u>	<u>\$3,235,288</u>

(Continued)

TYRONE TOWNSHIP
Summary of 2006 Taxes Levied and Collected
For the year ended March 31, 2007

	<u>Taxable Valuation</u>	<u>Rate (Mills)</u>	<u>Taxes Levied</u>	<u>Returned Delinquent</u>	<u>Current Collections*</u>
<u>Tax Abatements</u>					
Industrial Facilities Taxes (PA 198)	\$ 997,400				
Kent County		2.65700	\$ 2,207	\$ -	\$ 2,207
Kent District Library		0.44000	360	-	360
State Education Tax					
Kent City Community Schools		6.00000	4,910	-	4,910
School Districts					
Kent Intermediate School District		2.32265	1,919	-	1,919
Grand Rapids Community College		0.89325	731	-	731
Kent City Community Schools:					
Other		4.62500	5,375	-	5,375
Operating		8.85420	7,175	-	7,175
Tyrone Township					
Operating		0.49480	406	-	406
Fire protection		0.49855	409	-	409
Fire equipment		0.12460	102	-	102
Administration fees			75	-	75
Total Industrial Facilities Taxes			<u>\$ 23,669</u>	<u>\$ -</u>	<u>\$ 23,669</u>

*Current collections include ad valorem taxes collected for and distributed to the Village of Kent City Downtown Development Authority. The following amounts were withheld from the various taxing units as shown and paid to the DDA.

Kent County	\$ 8,385
Grand Rapids Community College	2,777
Tyrone Township:	
Operating	<u>1,543</u>
Total DDA Capture	<u>\$ 12,705</u>

Hungerford, Aldrin,
Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

September 7, 2007

The Township Board
Tyrone Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Tyrone Township as of and for the year ended March 31, 2007. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this Statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the Township's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Tyrone Township.

Auditors Responsibility Under Generally Accepted Auditing Standards

We conducted our audit in accordance with Generally Accepted Auditing Standards (GAAS). Those standards require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. We are required by GAAS to obtain a sufficient understanding of the internal control structure to plan the audit and to determine the nature, timing and extent of tests to be performed. The purpose of the audit was to report on the financial statements and not to provide assurance on the internal control structure. Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected.

Significant Accounting Policies

The elected officials and management of Tyrone Township have the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter will advise the Township elected officials and management about the appropriateness of accounting policies and their application. The significant accounting policies used by Tyrone Township are described in Note A of the Notes to Basic Financial Statements in the Comprehensive Annual Financial Report.

Difficulties Encountered In Performing The Audit

We encountered significant difficulties in reconciling the deposits and disbursements of the Tax Account Agency Fund with the records of the Township Property Tax Collection and Disbursement System. At March 31, 2007, monies were owed to and from various other governmental units and between Township funds due to the misallocation of property tax collections during the fiscal year.

Significant Audit Adjustments

During the course of our audit the following adjustments of a significant nature were made to the accounting records of the Township to bring the balances to those presented in the financial statements.

General Fund

1. \$10,899 and \$11,510 to reverse and accrue prior and current year taxes receivable.
2. \$6,196 to classify property tax collections and receipts from the Township Tax Account Agency Fund into the correct accounts.
3. \$17,692 to record the amount due from the General Fund to the Tax Account Agency Fund to cover the amount owed to other governmental units at March 31, 2007.
4. \$34,877 and \$34,255 to reverse and accrue final state revenue sharing payments receivable at year end.

Fire Fund

1. \$10,906 and \$11,277 to reverse and accrue year end taxes receivable.
2. \$7,663 to record the amount due to Kent County for the fire assessment budgeted in the 2006-07 fiscal year but not paid until April, 2007.
3. \$2,493 and \$1,023 to classify capital outlay items charged to the Continuing Education and Contingency expenditure accounts.

Passed Audit Adjustments

There were no adjustments proposed during the audit that were not recorded by Tyrone Township.

Suggestions And Recommendations

We offered suggestions and recommendations of a minor nature regarding the day-to-day operations of the accounting system to the Township Clerk and Treasurer as the topics arose during the course of our audit field work. Hopefully, these suggestions will ease the day-to-day operations of the Township's business office and assist in more efficient monthly and year end financial record keeping and reporting. The following recommendations pertain to the enhanced requirements detailed in the AICPA's Statement on Auditing Standards No. 112 "Communicating Internal Control Related Matters Identified in an Audit", effective for audits of financial statements for periods ending on or after December, 31, 2006:

- The Township should consider dual signature checks for disbursements from the Tax, Bond and Trust Account Agency Funds to insure independent oversight of these funds, and the practice of using money orders instead of checks to repay bond deposits should cease. The second signer on the checks and/or the Township Board should be furnished a listing of checks for disbursement for their review and/or approval.
- The Township should consider involving more office personnel in the cash receipting/bank depositing process to both increase the segregation of duties in this area, and to allow the Township to make deposits on a more timely basis.
- The Township should complete a *documented* system of its accounting procedures and internal controls to insure that its operations are completed as designed and so third-parties can review these policies to see that they are operating as intended.

* * * * *

Tyrone Township
September 7, 2007
Page 4

This communication is intended solely for the information and use of the Township Board, officers, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Treasury as an enclosure with the audit report as required by the State of Michigan.

We appreciate the opportunity to provide financial auditing and advisory services to Tyrone Township and hope to continue to do so in the future. We also appreciate the dedication and cooperation of Tyrone Township Clerk and Treasurer in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communication, we will be happy to address them.

Hungerford, Aldrin, Nichols & Horton, P.C.

Certified Public Accountants

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Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

September 7, 2007

The Township Board
Tyrone Township
Kent County, Michigan

The following comments pertain to our audit of the financial records of Tyrone Township as of and for the year ended March 31, 2007. The comments are made in accordance with Statement on Auditing Standards No. 112 "*Communicating Internal Control Related Matters Identified in an Audit*" which has the following two unconditional requirements:

- The auditor must evaluate identified *control deficiencies* and determine whether those deficiencies, individually or in combination, are *significant deficiencies* or *material weaknesses*.
- The auditor *must communicate, in writing, significant deficiencies and material weaknesses* to management and those charged with governance. This communication includes significant deficiencies and material weaknesses identified and communicated to management and those charged with governance in prior audits but not yet remediated.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is *more than a remote likelihood* that a misstatement of the entity's financial statements that is *more than inconsequential* will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in *more than a remote likelihood* that a *material misstatement of the financial statements* will not be prevented or detected by the entity's internal control. We believe that the following deficiency constitutes a material weakness:

The following describe circumstances that may be control deficiencies, significant deficiencies, or material weaknesses:

- Inadequate *design* of internal control over a significant account or process.
- Inadequate *documentation* of the components of internal control.
- Insufficient *control consciousness* within the organization, for example, the tone at the top and the control environment.
- Inadequate or absent *segregation of duties* within a significant account or process.
- Inadequate design of *information technology* (IT) general and application controls.
- Inadequate design of *monitoring* controls used to assess the design and operating effectiveness of internal controls.
- The absence of an internal process to *report deficiencies* in internal controls to management on a timely basis.
- Employees or management who *lack the qualifications and training* to fulfill their assigned functions. For example, in an entity that prepares financial statements in accordance with Generally Accepted Accounting Principles (GAAP), the person responsible for the accounting and reporting function lacks the skills and knowledge to apply (GAAP) in recording the entity's financial transactions or *preparing its financial statements* (including the notes to basic financial statements).

The management of Tyrone Township is responsible for establishing and maintaining internal control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control. The objectives of internal control are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of the design and operation of controls may deteriorate.

In planning and performing our audit of the financial statements of Tyrone Township as of and for the year ended March 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Tyrone Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

- Inadequate monitoring of the activities of the Township Tax Account Agency Fund by a person independent of the Treasurer.
- Township officials or employees who lack the qualifications and training to fulfill certain required functions:
 1. The lack of knowledge and skills present to apply Generally Accepted Accounting Principles (GAAP) in recording the Township's financial transactions or preparing its financial statements (including the notes to basic financial statements) in compliance with current Governmental Accounting Standards Board (GASB) and GAAP requirements.
 2. The lack of knowledge and skills present to properly account for and disburse the receipts of the Tax Account Agency Fund.

This communication is intended solely for the information and use of management, the Township Board, others within the organization, and the Michigan Department of Treasury. It is not intended to be and should not be used by anyone other than these specified parties.

Hungerford, Aldrin, Nichols & Carter, P.C.

Certified Public Accountants